

NAPA COMPENSATION
QUESTIONNAIRE NOTES

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I. Compensation System:

What is compensation approach? (How organization manages and why)

- A. Hire at, above, or below market salary rates, recruitment bonuses used?
1. Entry vs. senior level hires. Our objective is to hire both entry and senior personnel at market salary rates. No recruitment bonuses used. Discipline differentials are taken into account in both start offers and the salary management process to avoid unacceptable compression for recent hires in hot fields.
- B. Geographic vs. national pay schedules and why Professional salary structure designed and maintained to compete with national market because we recruit these personnel on national scale.
- C. What are special compensation programs for supervisors and non-managerial staff? The same merit pay program is utilized for all professional employees.
- D. Pay adjustments-Based on market, profitability or ?
- Have established job structure for all salaried employees. Pay adjustments might be based upon shifts in market value for various discipline fields or need to establish proper pay relationships based on performance.
1. Increase or Salary Management? Use of salary increase matrix (performance rating vs range position of present salary) in overall philosophy of managing managing base salary relationships.
 2. Frequency Annually
 3. Merit increase distributions (common date or Anniversary? exceptions or mid-years) based on individual's performance. Anniversary date - January -June. The first increase for a new hire fares them into the six month Anniversary merit system as follows:
- | MONTH OF HIRE | MONTH OF 1st INCREASE |
|---------------|-----------------------|
| JAN-FEB | JAN |
| MAR-APR | FEB |
| MAY-JUN | MAR |
| JUL-AUG | APR |
| SEP-OCT | MAY |
| NOV-DEC | JUN |
4. Amount of increase tied to performance? 100%

5. Can non-supervisory pay equal or exceed executive pay? (dual ladder-have it; your views) Yes. We have a dual ladder in technical area and think it works effectively.
6. Lead, lead/lag or lag; market target at x % +/- market? Lead/lag with target equal to market.
- E. How important is uniformity of pay across different business lines and organizations? Uniform salary policy and identical salary structure administered across all organizations in Energy Systems (includes Tennessee and Kentucky).
1. Uniformity
 2. Flexibility
 3. Problems/Issues
- F. Roughly what portion of total compensation is bonuses or other forms of at risk pay? None.
- G. What is purpose of putting pay at risk?
- H. Who can make exception to your start salary rules? What can they change? Director - Compensation. Total flexibility in establishing and modifying guidelines for new graduates. Experienced hires must fit into existing salary structure with peers.
1. National office only? (What can they waive?)
 2. Division VP?
 3. Manager/Supervisor?
- I. Added Compensation for passing clearance (lifestyle restrictions--can't publish, etc.) No.
- J. Premium pay (overtime, hazardous duty pay) for professional employees?
1. Do have it? Only that unscheduled overtime on the part of first level supervisors necessary to provide supervisory coverage over both hourly and weekly salaried employees.
 2. Who is eligible and under what circumstances? Only assigned overtime exceeding five hours per week to be worked over extended period of four or more weeks. Straight time pay; grades 1-9 only.
- K. What do you disclose about your pay system to employees?
1. Classification descriptions? Yes.
 2. Rate ranges? Yes.
 3. Policies/procedures? Yes.
 4. Individual pay rates? No.
 5. Other? General information about objectives and mechanics of compensation programs.

II. RECRUITING APPROACH

What do you sell to recruit staff?

New Graduates:

Experienced:

	Exper	New
A. Salary	5	5
B. Benefits including deferred compensation	4	6
C. Career with firm	6	4
D. Opportunity to work with latest technology	3	1
E. Importance of projects, to?	2	3
F. Profit sharing	-	N/A-
G. Perquisites (work environment)	7	7
H. Ability to work with first class organization(yours)	1	2
a. best minds		
b. at cutting edge, or?		
c. ?		
I. New Grad training program?	-	N/A-
J. Any other thoughts/concepts?	-	N/A-

III. Special Recruiting-New PhD or experienced?

What would do to attract a world class talent (PhD in Mathematics, MIT - exception, not pipeline talent.

A. Would you make exception to your normal classification /compensation rules? Try to work within system. Have flexibility to go as high as the Top-of Range based on market requirements and special needs in critical areas. Under very unusual circumstances, may hire a special candidate at a higher grade. This means the hiring manager has to be willing to live with the pain of any inconsistency--such a case can't be used as precedent; and there is and a thorough review of peers throughout Energy Systems by and approval Compensation; and finally, a full management review if Compensation can't support the proposed hire rate/grade.

B. If so, on what basis? N/A.

1. Work environment
2. How much flexibility to keep a hook in them?
3. Conflict of interest issues? Competition?

C. How do you pay top people?

1. Pros/Cons or problems in your system.
According to PPR, position in range and job assignment. Pay according to established structure & policies for all salaried employees.

IV. Workforce Concept

What kind of workforce concept are you operating under?

- A. Lifetime career, no layoff? Yes
- B. Only for duration of project?
- C. Hire cutting edge recruits from school; edge out with slow raises after a few years, or?
- D. Fully experienced, proven talent from other organizations?
- E. Government/Military as a source? Nuclear reactor related area.
- F. Revitalization of burned-out people? If so what, what conditions? Reassignment, Training.

V. Employee Mobility

Do you move your professional staff? What levels? (e.g. Management only? Technical? Very few moves are made involving relocations. Some of these involve promotional opportunities at higher levels (management positions).

- A. What problems, if any, are you having?
- B. What solutions are you using that work best?
- C. How do you keep transferees whole? Company policy provides relocation assistance to help offset additional expenses associated with move.
 - 1. Family
 - 2. Spouse
 - 3. Second wage earner
 - 4. Schools
 - 5. Other
 - 6. Additional services offered?

VI. General Support

Do you have:

- A. Second career support - Outplacement activity/consultant?
No.
- B. Do you rely on short term "borrowing" of staff from research organizations/universities. etc. (conditions 18-24 months; person goes back to prior job) - Conflict of interest, sabbatical issues? No.
- C. Flexible Benefits (Upper mid-level to below Officer) No.